BUDGET

1986-87

Speech of

Thiru V. R. Nedunchezhiyan

Minister for Finance

Panguni 3, Kurothana, Thiruvalluvar Aandu 2017

17th March 1986

Speech of Thiru V. R. Nedunchezhiyan, Minister for Finance, Government of Tamil Nadu presenting the Budget for 1986–87 to the Legislative Assembly on 17th March 1986, Panguni 3, Kurothana, Thiruvalluvar Aandu 2017.

Honourable Speaker Sir,

I have great pleasure in placing for the approval of this House the Revised Estimates for 1985–86 and the Budget Estimates for 1986–87. I earnestly hope that this Budget will receive the fullest support and co-operation from all the Honourable Members, imbued as they are, with a sense of duty and responsibility.

> " *The land with a large living treasure*
> *Where ruins are nil and yields are sure* "

This is the definition given by the celebrated Saint Thiruvalluvar for a good State. Valluvar's definition of a State is that which is prosperous, that which is desirable and contributes towards wealth while imposing no hardship on the population. The present Government of Tamil Nadu is devoted to and zealous about this objective that Tamil Nadu should shine forth as an example of this definition of an ideal State. All our efforts are directed towards this end.

2. The Government of Tamil Nadu are not only called upon to solve the problems that relate exclusively to the State but are also under the obligation to meet national

problems of political, economic and social nature that impinge on the State also as an integral part of the Indian nation. The problems arising from deficit financing at the national level, the rise in prices of essential commodities occasioned by fresh taxes, excise, export and import duties, price increase on fertiliser, steel and coal, escalation in railway transport costs, rise in prices of diesel and petroleum products–these encompass the whole country and also have their repercussions on the finances of the State Government as well as the people of this State. Though we are happy that the Central assistance has increased in certain areas, a significant proportion of this flows back to the Centre on account of the above mentioned freight and price increases.

3. Generally, the major share of the costs in implementing development programmes, drought and flood relief operations, welfare schemes for the poor and subsidy schemes for those below the poverty line has to be borne by the State Government which have direct contacts with the people though some portion of assistance is received as a share from Government of India. It is therefore essential for the State to have a strong financial base in order to discharge effectively and successfully the multifarious responsibilities devolving on it. To augment the financial base, opportunity as well as powers are pre-requisites. The State Government must be clothed with the necessary authority.

4. It is with this objective of evolving such a situation that Perarignar Anna, in one of the articles that he wrote before his demise in 1969, stated clearly and categorically,

" I have been reiterating whenever I get a chance that the Indian Constitution should be amended in order to provide more powers in more areas for the States ".

5. Perarignar Anna had been frequently propounding the theory that the Indian Federation must be strong in order to guard the Indian land mass and the States must be prosperous in order to ensure the well-being of the people. State autonomy within the framework of national integrity has to be established. Efforts should be directed towards this end. State autonomy within a federal set up has been accepted and urged as a political ideology by different political groups.

6. The above mentioned concept has been represented by various political groups to Justice R. S. Sarkaria Commission, which has been constituted to examine the Centre-State relations and make recommendations to Government of India. Government of Tamil Nadu had also pressed their views on the basis of this concept. Let us hope that Justice R. S. Sarkaria Commission will surely make appropriate recommendations in order to establish a truly federal system in India.

7. The problem of Tamil population of Sri Lanka is at present causing acute anguish and sorrow to Government of Tamil Nadu and to the Tamil population here. We are receiving daily reports regarding the atrocities let loose on the Sri Lanka Tamil population by the Sri Lanka Army under the instigation of the Sri Lanka Government in total violation of democratic conventions, principles and even common humanitarian consideration, causing loss and damage to their lives and properties.

These sad reports of human misery assail our hearts and immerse us in anguish. This House has many times urged the Government of India to undertake all appropriate political initiatives in order to create a climate for the Sri Lanka Tamil population to lead a peaceful life without fear and to enable them to enjoy rights of life, citizenship, language, profession and democratic representation. Though the Indian Prime Minister has heeded the requests of the people of Tamil Nadu and has undertaken various efforts to find a political solution, this Government would like to once again impress upon him the necessity for finding an immediate solution without delay to this problem through all possible and rightful measures. Let us earnestly hope that the Sri Lanka Government will respond and act according to the words of advice that the Indian Prime Minister has recently communicated to them.

8. The number of the refugee population who had migrated to Tamil Nadu in order to save their lives has swelled to 1,25,000. Out of them, 32,000 persons have been accommodated in the various refugee camps established here. I would like to express here the resolve of this Government to endeavour ceaselessly for providing them all basic amenities and to treat them with honour and dignity until conducive climate is created for their return to their motherland. The total expenditure incurred by the Government so far on relief and rehabilitation works for the Tamil refugees and repatriates works out to Rs. 45 crores.

9. The record of the last five years would clearly show that when we did not suffer visitations of flood or downpour in any year we were caught by a spell of severe

drought. The year 1985–86 was however unique in a way that while the State was just getting over the trauma of the floods leading to death and destruction, it found itself face to face with the spectre of drought due to lack of water for irrigation. Despite such adverse seasonal conditions we achieved a measure of success in reaching our target of food production. The credit for this goes to the special efforts taken by the Government and the perseverance evinced by the farmers of Tamil Nadu. Even so, the destruction and losses caused by floods were a severe set-back to the developmental efforts. Relief measures were taken up on a war footing. Government of India conveyed to us a ceiling of Rs. 66.8 crores as flood relief expenditure. The State Government have already spent about Rs. 45 crores on flood relief and will incur an expenditure of around Rs. 60 crores before the end of the financial year. The balance of expenditure within the ceiling will continue to be spent in the next financial year.

10. Before touching upon the specific developments and programmes in Tamil Nadu it is essential to have an over view of the situation prevailing in the country as a whole. In the year 1985–86 the Government of India have taken the initiative to have a fresh look at many policy issues with a view to give a big thrust to the developmental activities in the country. The announcements by the Government of India on the new industrial policy, education policy, longterm fiscal policy, etc., have to be viewed as links in the over-all scheme of development envisaged by the Government of India.

11. The State Government propose to take full advantage of this improved climate for growth and development. It is a matter of pride and joy to us that a survey recently conducted has clearly brought out that the registered manufacturing sector in the State recorded an average annual growth of 8.1 per cent per annum which is the highest among the States in the country. Even on the front of agricultural production despite severe set backs due to poor monsoon, reasonable level of production was maintained. In the year 1986–87 the production level is expected to increase to 92 metric tonnes of food grains. The temporary rise in the prices of food articles such as sugar and rice was effectively arrested by the timely release of these commodities through the public distribution system at reasonably low prices. Government are incurring a loss of around Rs. 100 crores in supplying rice at concessional rates through the public distribution system.

12. The Twenty-Point Programme which has beneficial consequences, particularly for the weaker sections of society is being successfully implemented in Tamil Nadu. The earnest efforts taken by the State Government in gearing up all departments of the Government to achieve the goals set under the Twenty-Point Programme have resulted in Tamil Nadu getting the first place in terms of performance on all India level during the year 1982–83 and 1984–85. During the current year 1985–86 also Tamil Nadu has been earnestly engaged in all efforts to achieve the pre-eminent position in the country. Up to the end of January 1986 Tamil Nadu exceeded the target in respect of the pulses, bonded labour, slum population covered

enrolment in age group 6 to 14 years and setting up of small industries, and achieved more than 75 per cent of target in respect of increase in irrigation potential, National Rural Employment Programme, Distribution of Surplus Land, House sites allotment to scheduled castes families, electrification of villages, bio-gas plants, tree-planting, sterilisation and adult literacy. We are hopeful of achieving all targets by March 1986.

13. This Government under the leadership of our Honourable Chief Minister Puratchi Thalaivar Dr. M. G. R. have been implementing massive welfare programmes of universal application effectively and successfully. It is certainly indicative of the financial strength of the State that we could implement all these programmes successfully without in any way reducing our commitment to developmental activities despite the set backs on account of natural calamities which we had to surmount. Thus over a period of years a massive programme of village self-sufficiency at a total cost of Rs. 216 crores was implemented by this State. In the year 1982–83 the Chief Minister's Nutritious Noon-Meal Scheme to benefit the poor children and school going boys and girls was started. All of you are aware that this is being continued with the self-same noble objectives. This has been further expanded into an Integrated Nutrition-*cum*-Health Cover Programme. In the year 1986–87 there is a total provision of Rs. 168·92 crores for this. Uniforms and text-books are being given free for the school going children upto Standard VIII. During 1986–87 Rs. 27·39 crores will be spent on this. Though each announcement of such wide ranging impact had been originally greeted with scepticism it is a matter of gratification that the subsequent

success of these programmes has won the approbation of all those who are well intentioned. In fact it is a matter of pride for this State that these schemes have become even national priorities.

14. In the Governor's Address, a scheme to provide shelter to the Adi-Dravidars, Tribals and Narikuravars and others below the poverty line was announced. It is certainly a scheme needing massive capital inputs and also close co-ordination with different agencies both Governmental and Institutional which are to-day engaged in the area of shelter provision. We shall be endeavouring to augment our resources through the Institution proposed to be created by Government of India for funding house construction activities and other agencies such as Housing and Urban Development Corporation (HUDCO), Housing Development Finance Corporation (HDFC) and Life Insurance Corporation (LIC). We intend to implement this scheme under four or five broad categories. Our efforts will be directed towards providing adequate shelter to slum dwellers, improving housing provision for those below the poverty line, extending loan assistance to the weaker sections, supporting housing activities of the Co-operatives and encouraging house building by industrial undertakings and such other programmes. A comprehensive scheme incorporating all these aspects is under preparation. Rs. 14 crores is allotted under NREP and RLEGP for direct assistance by the Government for this purpose. In addition, in this budget, as a first phase, Rs. 26 crores is also earmarked for these programmes. In addition, efforts will also be initiated as mentioned above to obtain adequate financial help from financial institutions.

15. We have been repeatedly making provisions for the Krishna Water Supply Scheme to be implemented along with the Government of Andhra Pradesh. The Members may recall that we had offered to pay a portion of our share from Tamil Nadu in advance during the Sixth Plan Period in order to ensure that the execution of the project shall not be delayed on any account. However, owing to the fact that Government of India have delayed the clearance for this project, the project had slowed down. Major items of expenditure will have to take place in the Seventh Plan Period. It may be recalled that the former Prime Minister late Tmt. Indira Gandhi had acclaimed this scheme as an ideal example of Inter-State co-operation. We hope that the Government of India will ensure that necessary clearance for this important scheme providing additional water-supply to Madras City is given early. It has now become necessary for the Government of Andhra Pradesh also to increase their allocation for the project according to the ratio of sharing the costs, as otherwise the project work would not make any significant headway within the time span purely with the contributions from Tamil Nadu. We have explained this position and impressed upon Government of Andhra Pradesh the need for higher allocations on their part. In the year 1986–87 we have provided Rs. 45 crores for this project. We also hope that Government of Andhra Pradesh will inturn invest their due share.

16. The provision for rural water supply is being increased every year and for 1986–87 a sum of Rs. 45 crores has been provided. It has also been decided to

spend around Rs. 5 crores out of this allotment for replacing the damaged steel overhead tanks in villages with concrete overhead tanks. Tamil Nadu Water Supply and Drainage Board has been asked to survey and estimate the actual requirement in the field for this programme.

17. For the power sector we have adopted an increased outlay of Rs. 395 crores for the year 1986–87 and against this outlay the Governmental support of Rs. 300 crores is reflected in the Budget. Proposals are under consideration of the Government for organising independent generation of power either in the joint or in the private sector. The Asian Development Bank is also appraising our project for the North Madras Thermal Station for assistance. We anticipate the approval of Government of India to expand the capacity for power generation in Neyveli which has the natural advantage of possessing large quantity of Lignite. Once these projects are cleared the prospects for further increasing our power generation during the Seventh Plan Period are bright and we are confident of reaching self-sufficiency in power.

18. Consequent on the discovery of natural gas in the Thanjavur delta, efforts of the Central Government are underway for its exploitation. It is also reported that the quality of the oil struck is good. This will lay a strong foundation for the industrial growth of this State and particularly for the development of Thanjavur district. We urge Government of India to make full use of this potential by establishing down stream industries and power generation plants in the Central Sector.

19. 1985–86 was the beginning of the Seventh Plan and when I presented the Budget proposals we were not in a position to know clearly the Plan outlays or the Central assistance as the discussions with the Union Planning Commission were not completed. Subsequently, Tamil Nadu was successful in obtaining Seventh Plan outlay which is significantly higher than the Sixth Plan outlay. We have also obtained increased share of Central assistance for the Plan as a result of our representation. As against an outlay of Rs. 3,150 crores for the Sixth Plan, our Plan outlay for the Seventh Plan is Rs. 5,750 crores. The Central assistance for the Plan has also gone up from Rs. 665 crores to Rs. 1,438 crores. The percentage increase in both these categories as compared to the Sixth Plan is 82.54 per cent as far as the Plan is concerned and 116·28 per cent as far as the Central assistance is concerned. It is certainly a matter of extreme gratification that this order of stepping up is one of the highest among all the States in the country.

20. It is worth mentioning that the plea made by our Chief Minister to remove the imbalances under Central Assistance to the States and to redress the long standing injustice meted out to Tamil Nadu has been heeded by Government of India. Further, in the year 1985–86 as well as in the year 1986–87 the share of tax revenue devolving to the State from the Centre has also shown an increase to some extent, thanks mainly to the improved collection of the Central taxes. Both these factors in conjunction with the efforts of State Government in improving our own revenues both in the tax area and in the area of small savings collection as well as the medium term loan of Rs. 38.9 crores obtained from Government

of India to clear the overdraft have enabled the State Government to tide over the tentatively projected deficit of Rs. 264.20 crores to a very large extent. The closing deficit for 1985–86 will be Rs. 7.45 crores. It has also enabled us to face the coming years with confidence and strength to take on a large number of new schemes and programmes.

21. I conveyed the decision of this Government to introduce prohibition on sale of arrack and toddy throughout the State from January 1987 in the course of my reply in the Legislature on the discussions on the Governor's address last January. This announcement regarding the introduction of prohibition entails a revenue loss to the extent of Rs. 60 crores during the financial year 1986–87 and this loss has been taken into account in the Budget Estimates.

22. However, the loss of revenue for 1987–88 may work out to Rs. 250 crores. The Government of India have a scheme to reimburse 50 per cent of loss of revenue due to the imposition of prohibition. But, this loss is calculated by Government of India based on the revenue realised in 1977–78. I appeal to the Government of India to make good the amount mentioned above based on actual loss of revenue due to re-introduction of prohibition.

23. Our Plan expenditure in the first year of the Seventh Plan will be Rs. 1,069 crores as against the approved outlay of Rs. 960 crores. In the Budget Estimates for the year 1986–87 provision has been made for Rs. 1,200 crores as against the approved outlay by the Planning Commission of Rs. 1,153 crores. It may be noted here that in the first 2 years of the Seventh Plan we would have incurred an expenditure of Rs. 2,269 crores which is

39 per cent of the total outlay. Thus we are maintaining our reputation for exceeding the Plan targets year after year.

24. Major achievements of the different departments in the Government and the progress made in important spheres of economic activities, and the provisions made in the year 1986–87 for most of the important schemes proposed have been compiled as an annexure and circulated along with this speech. I request the Hon'ble Members to go through them in order to apprise themselves of various details. I would like to underline only some of the important new schemes and proposals which this Government intend to implement.

25. Schemes at a total cost of Rs. 27·67 crores will be initiated for the welfare of Policemen and for modernisation of the police force. In the year 1986–87 Rs. 8 crores are earmarked for construction activities and Rs. 1.7 crores are sanctioned for improvement and strengthening of services.

26. The Government have decided to take up a special scheme for waste land development and upgradation of degraded forests with an ultimate cost of Rs. 76 lakhs. This programme will adopt an integrated approach for regeneration of natural forests.

27. The Government have also decided to take up a special programme for integrated development of backward areas in select municipalities with an ultimate cost of Rs. 50 lakhs.

28. New schemes with an ultimate cost of Rs. 2.81 crores are being taken up for Corporation of Madras which include purchase of Roll on dipper and dumper, widening

of Anderson bridge and provision of marketing facilities for street hawkers. Similarly for Corporations of Madurai and Coimbatore, schemes totalling to Rs. 2.4 crores as utlimate cost have been taken up. This would enable formation and bituminising of roads and construction of buildings for elementary schools.

29. The Government have also decided to establish an Auto Parts Development Centre at Madras with an ultimate cost of Rs. 54 lakhs and a Modern Tool Room and Training Centre at Coimbatore with an ultimate cost of Rs. 60 lakhs.

30. Education has always been accorded the highest priority by the Government. The total outlay for Education in 1986–87 has gone up to Rs. 551 crores as against Rs. 468 crores in the Budget Estimates for 1985–86. For the year 1986–87 also, as in the past, Government will sanction additional posts of teachers. A special provision of Rs. 1 crore has also been made for school buildings for the Government High and Higher Secondary schools.

31. The Government have also decided to extend the accident and emergency service scheme to Thanjavur district at an ultimate cost of Rs. 48.43 lakhs. With a view to provide better facilities in the existing sub-centres, it has been decided to construct buildings for sub-centres at a cost of Rs. 50 lakhs.

32. Special emphasis has been given in the year 1986–87 to provide more facilities with regard to education for Adi-Dravidars and Backward Classes. A scheme for upgradation of Adi-Dravidar middle schools to high schools

and high schools to higher secondary schools at a cost of over Rs. 80.62 lakhs is proposed. Similarly, with a view to further strengthen the facilities in the existing schools, a scheme to purchase furniture and laboratory equipment in Adi-Dravidar schools will be taken up from 1986–87 with an ultimate cost of Rs. 1 crore. Another scheme at a cost of Rs. 50 lakhs is being taken up for the construction of buildings for backward classes hostels.

33. Even now Tamil Nadu has a comprehensive communication road network. However, with a view to further strengthen this, Government have decided to take up schemes for the formation of roads and bridges with an ultimate cost of Rs. 11.58 crores. The expenditure for 1986–87 will be Rs. 3.05 crores.

34. It has been decided to set up a co-operative textile processing unit with an ultimate cost of Rs. 75 lakhs in 1986–87.

35. The efforts of the Government to improve the efficiency of the public sector undertakings have yielded gratifying results.

36. The attempts to achieve dispersal of industrial growth by establishing industries and employment opportunities in the private sector, public sector, joint sector and through co-operative sector with the assistance of financial Institutions have also yielded good results.

37. The Transport Corporations of Tamil Nadu have generally shown operating surplus in the current year. The targets for many of the performance indicators even at the national level have been surpassed by the Corporations.

38. The Government of Tamil Nadu are extending all assistance to the Electricity Board for increasing the generation of power and reducing the operating costs.

39. This Government have announced several welfare measures for the benefit of the employees. The Government have not only issued orders based on the recommendations of the Fourth Pay Commission, as already announced in the Budget Speech for 1985–86, but have also given it retrospective effect from 1st October, 1984. Recently, based on the representation received from various Government employees and Teachers Associations, the Government appointed Thiru Karthikeyan as a One Man Committee to go into the anamolies in the recommendations of the Fourth Pay Commission and suggest remedial measures. This Committee has been examining the demands of various representatives of teachers and Government employees and it is expected that the Committee will submit its recommendation to the Government soon. I would like to point out that on receipt of these recommendations, the Government will carefully examine them and issue orders expeditiously.

40. The Family Benefit Fund amount for families of Government servants dying in harness was increased from Rs. 10,000 to Rs. 20,000 last year. Similarly, Government also introduced Special Provident Fund-*cum*-Gratuity Scheme for Tamil Nadu Government employees under which there will be a contribution of Rs. 5,000 by Government at the time of retirement of the employee. This Government now propose to add to the list of welfare schemes for the Government employees by announcing another new

scheme. It has been decided to start a special Family Benefit Fund which would be utilised to write off the outstanding principal and interest of the house building advance sanctioned to the Government employees in the event of the employees dying in harness. Under this scheme, all Government employees who have obtained house building advance will be enrolled. They have to subscribe to the Family Benefit Fund every month and the subscription would be on the basis of repayment instalments of the house building advance. The Orders indicating the details of the scheme will be issued shortly.

41. Though I have touched upon only some of the Programmes, detailed notes on all important departments have been given as annexure for the benefit of the Honourable Members.

42. Before going into the changes proposed in the taxation structure I would like to give a picture of the overall financial position of our State. I am happy to inform the Honourable Members that the financial position of the State for the Year 1986–87 gives an encouraging picture. The balance from current revenue is expected to increase to Rs. 223.25 crores. This surplus in revenue account has been possible owing to the policy of the Government to practise utmost economy in expenditure. This has also paved the way for expanding capital programmes and enlarging the resource base of the State. The provision under capital expenditure has gone up to Rs. 172.44 crores. After providing for the net transaction under public debt, loans and advances and the Public Accounts, the deficit for 1986–87 has

been assessed as Rs. 4.79 crores and after adding the opening deficit of Rs. 7.45 crores, the closing deficit in the year 1986–87 will be Rs. 12.24 crores. I firmly believe that this deficit can be more than made good by better tax collection and from the anticipated buoyancy in revenues. This favourable financial position has given us the encouragement for initiating measures for providing concessions and rationalising the taxation structure.

43. Over the years the share of industry in the State domestic product has been on the increase and it has also been an increasing source of employment. With a view to streamline incentives for industry, a series of concessions are being announced in this Budget. I would like to stress that these measures are not to be taken as merely a means for increasing the profits of businessmen and entrepreneurs but as announcements intended to remove hindrances, provide impetus for growth and production and result in reduction of prices.

44. Firstly, I will announce the list of items which will be totally exempt from sales tax :—

(1) **G. I. buckets**

(2) **Charcoal, briquettes and fuel** (used as domestic fuel)

(3) **Bhoora sugar and sugar candy**

(4) **Beds, pillows and quilts other than those made of foam**

(5) **Candles**

(6) **Frames and pictures**

(7) Silver metty

(8) Sports goods

(9) All musical instruments

(10) Certified cotton seeds for seeding purposes.

45. In the following cases, the existing rates will be reduced as mentioned below in order to help the industry as well as the consumer who is mostly the ordinary common man :—

(1) Forty-one items of life saving drugs from 8 per cent to 4 per cent

(2) Milk food including baby foods from 10 per cent to 4 per cent

(3) All kinds of trailers from 15 per cent to 9 per cent

(4) Lottery tickets from 20 per cent to 10 per cent

(5) Poultry feed from 5 per cent to 2 per cent.

46. The following rationalisation and reductions in the sales tax structure have been thought out to help the industrialists and businessmen in the States :—

(1) The concessional rate of 4 per cent instead of the existing rate of 10 per cent and above will be extended to all component parts, raw materials and processing materials used in the manufacture of finished articles (except arrack blending units and IMFL manufactures) falling under First Schedule of the Sales Tax Act at present. I expect that this would and in fact should result in a fall in prices of finished articles in general and benefit consumers.

(2) In response to the demands particularly from the small industry, the rate of tax on generators would be reduced from 12 per cent to 8 per cent.

(3) In order to protect electronic industries in our State and to provide further encouragement to local manufacturers, the rate of tax on electronic goods would be reduced from 10 per cent to 6 per cent for such goods and components which are manufactured within the State. Tax on electronic goods and components coming from other States would be levied at a uniform rate of 10 per cent.

47. The sales tax structure is continually being rationalised and even in the last budget I had suggested a number of conversions from multi-point to single-point in order to smoothen the problems of the trade. I am happy to announce the following simplifications and rationalisations to the system :—

(1) The multi-point sales tax of 5 per cent will be converted to a single-point tax of 8 per cent on jaggery, jeera and soapnut.

(2) Similarly, the multi-point tax of 5 per cent will be converted to a single-point tax of 8 per cent on synthetic adhesives and paraffin wax.

(3) In the case of vegetable oils, the multi-point tax of 3 per cent is converted to a single-point tax of 4 per cent and the tax on inter-State sales on vegetable oils is proposed to be reduced substantially from 4 per cent to 1 per cent.

(4) In the case of groundnut, the present levy on the first point of sale is proposed to be treated as a levy on first point of purchase for indigenous production and first point of sale for groundnuts coming from outside.

(5) At present, different rates of taxes prevail on cotton yarn. It is taxed at 2 per cent for hosiery yarn and 3 per cent for hank yarn and 4 per cent for other types of yarn. In order to maintain parity on all these yarns, the rate of tax is proposed to be fixed uniformly at 3 per cent.

(6) There is a tax of 10 per cent on stainless steel articles at present. It is proposed to break this rate into 6 per cent at the first point of sale and 4 per cent at the last point of sale as a measure to plug loopholes in the system.

(7) At present, the minimum turnover limit prescribed for registration is Rs. 50,000 per annum. It is proposed to enhance the limit to Rs. 75,000. However, the registration fee per annum is proposed to be raised from Rs. 10 to Rs. 100 as the present fee is very low and the fee for branches or godowns is to be increased from Rs. 5 to Rs. 20 per annum.

(8) In due appreciation of the inflationary trend and to enable small assessees mainly industrialists to manage funds for capital investment, all assessees with a taxable turnover of less than Rs. 10 lakhs will be totally exempt from the burden of additional sales tax. Thus, the exemption limit is raised from Rs. 3 lakhs to Rs. 10 lakhs.

(9) I am constrained to make some marginal increases in the rate of additional sales tax on assessees with larger turnovers to make good the loss of revenue due to the above mentioned measures to some extent. At present, assessees with turnover above Rs. 10 lakhs are levied this tax uniformly at 1.25 per cent. This rate will be retained upto a turnover of Rs. 40 lakhs per annum. It is now proposed to levy 1.5 per cent additional Sales Tax for turnover exceeding Rs. 40 lakhs.

(10) There is a system of summary assessment available to assessees with a taxable turnover of Rs. 2 lakhs per annum. It has a large number of restrictions. It was also represented by business community that they were experiencing lot of difficulties under the present method. It is proposed to remove these restrictions in full and make the summary assessment facility available freely to these traders and assessees. I expect the trade to respond favourably to the trust reposed on them and I hope there will not be any need to reintroduce the checks next year on the ground that this trust has been misused.

(11) Our Government had exempted the rolled iron and steel items from sales tax and the scrap iron going into the manufacture of these finished products has been taxed at 4 per cent. As a measure of rationalisation, it is proposed to exempt the scrap from sales tax and shift the tax burden to the finished product.

(12) It is proposed to streamline tax on luxuries in hotels.

(13) Tamil Nadu introduced a levy of tax on works contracts from 1st October, 1984. But a number of practical difficulties have been pointed out in its implementation. It is proposed to streamline the levy by prescribing suitable rates of tax on various works contracts and to extend concessions to labour oriented works.

(14) It is also proposed to streamline the rates of the tax on leases as discussions with the representatives of the various leasing companies have been completed by the Government.

(15) In order to provide efficient administration in local bodies, it has become imperative to strengthen their financial self reliance. One of the major sources of income for these local bodies is the Entertainment Tax. To provide additional resources to these bodies, the compounding rates on Entertainment Tax will be raised by about 10 per cent in all municipalities and other local bodies from next year.

(16) Purchase tax at the rate of 2 per cent on such raw or processed materials or consumable stores utilised in the manufacture of finished goods which are despatched outside the State either by way of branch transfers or by way of despatches to commission agents has been introduced in the budget of Gujarat. We have introduced a concession for such items which go into the finished goods manufactured within the State. Government have proposed to introduce this tax in 1986–87 financial year with the assent of President of India.

48. I am sure that Honourable Members and various sections of public would gladly accept and welcome these concessions and rationalisation measures. As a result of the various concessions the Government may have to incur a loss in revenue of over Rs. 20 crores. But I do hope that these losses can be fully offset as these measures would increase production and sales and the rationalisation package, purchase tax and additional sales tax would augment revenues to some extent.

Hon'ble Speaker Sir,

49. This Government under the illustrious leadership of Puratchi Thalaivar Dr. M. G. R. have been functioning according to the tenets of the Kural that agricultural and industrial production should be expanded providing a source for tax and non-tax revenues which are to be preserved, directed and channelised for the establishment of justice, equity, law and order and the fulfilment of the plans and needs in the economy.

50. In this budget the financial position of the Tamil Nadu Government, their policies, objectives, plans and achievements have been dealt with. In the attached annexure both the schemes implemented in the past and the programmes to be implemented in future have been lucidly and clearly enumerated for the benefit of the Hon'ble Members.

51. I hope that the suggestions to be made by the Hon'ble Members taking part in the discussions on the Budget emanating from their worthy ideas, good intentions, clear thinking and cultured mind will contribute to the

prosperity of the State and betterment of the people. I seek the help and co-operation of all for furthering the prestige and honour of this House. Let the discussions produce less heat and more light.

52. I offer my wholehearted thanks to the Finance Secretary Thiru C. Ramachandran, for his valuable help and co-operation in preparing this Budget and also to the Officers and staff of Finance and other Departments who have put in excellent work in association with him.

53. I now request the House to approve the Annual Financial Statement for the year 1986–87.

Vanakkam.

V. R. Nedunchezhiyan,
Minister for Finance.

Madras,
17th March 1986,
Panguni 3, Kurothana,
Thiruvalluvar Aandu 2017.

Annexure to Budget Speech

Education

The record of the State Government in the field of education is indeed very impressive. It is indicative of the fact that the Government consider the sound foundation of education as *sine qua non* for building the manpower infrastructure for future.

2. In the field of universalisation of elementary education, the State has shown remarkably good performance. In the Sixth Plan as against the All-India achievement of 91 per cent enrolment in the standards 1 to 5, the achievement of Tamil Nadu stood at 98.66 per cent. Similarly, for the standards 6 to 8, against the All-India average of 51 per cent, the achievement in Tamil Nadu was 72.18 per cent. It may also be mentioned here that as against the target of additional enrolment of 2.25 lakhs under the age group 6 to 14 for the year 1985–86, the achievement upto 31st December 1985 itself is 2.97 lakhs. This success can be attributed to a great extent to the Chief Minister's Nutritious Meal Programme.

3. It is the constant endeavour of the Government to provide increased facility for education at every level. Consequently, in 1985–86, as many as 85 new high Schools and 49 Higher Secondary Schools have been sanctioned.

4. The Government have been attaching great importance to the provision of buildings for Government High and Higher Secondary Schools, many of which have been suffering from inadequate accommodation for years together. During the period 1977–78 to 1985–86 an

expenditure of more than Rs. 23 crores was incurred on buildings for Government High and Higher Secondary Schools. Rs. 13 crores has been spent on construction of one class room plus one laboratory in each of about 668 Government Higher Secondary Schools ; and Rs. 2 crores on sanitary facilities for Government High and Higher Secondary Schools.

5. Better facilities for Collegiate Education has been engaging the attention of the State Government continuously. Sixty-five additional degree courses, 30 new post graduate courses and 13 evening college degree courses were started in the existing Government colleges during the last five years. The Sixth Five-Year Plan also provided for the establishment of the following new Universities : Bharathiar University at Coimbatore, Bharathidhasan University at Tiruchirappalli, Tamil University at Thanjavur, Mother Teresa Women University at Kodaikanal and Alagappa University at Karaikudi.

6. There are at present 31 Engineering Colleges and 129 Polytechnics in the State. Having regard to the heavy demand for admission in Technical Educational Institutions on the one hand and the resources constraint of the Government to go in for Government or Government aided technical educational institutions on the other, the Government have in recent years been permitting wherever necessary the starting of self-financing Polytechnics and self-financing Engineering Colleges, laying down, however, safeguards for the proper running of these institutions. The institutions have also been warned that

the permission will be withdrawn if the institute is not run according to norms. 87 self-financing Polytechnics and 23 self-financing Engineering Colleges have been permitted to be opened in Tamil Nadu during the past four years. The present level of intake in Engineering Colleges is about 5,700 students and 22,000 students in Polytechnics.

7. In the context of a poor country like ours with a legacy of poor rate of literacy the importance of adult education can hardly be over-emphasised. The achievements of Tamil Nadu Government in respect of adult literacy have been extremely impressive. Tamil Nadu has won consecutively for 1983–84 and 1984–85 the State level award of Rs. 25 lakhs from the Government of India for the best performance in enrolling women in adult education centres. There are totally 21,856 adult education centres benefiting 6.82 lakh adults. Out of the 6.82 beneficiaries as many as 5.8 lakh are women and 3.14 lakhs belong to the Adi-Dravidar and Scheduled Tribes.

Chief Minister's Nutritious Meal Programme for Children

8. The pioneering effort made by the State Government for raising the nutritional status of children by introducing the Chief Minister's Nutritious Noon-Meal Programme has been well acclaimed all over the country. The continuous success of the programme has inspired many other State Governments to follow the example set by the Tamil Nadu Government. The programme which was started in 1982 to cover about 66 lakh children

in the age group of 2+ to 9+ years through 58,000 centres, is today benefiting 86.88 lakh children and 2 lakh old-age pensioners through 66,504 centres. Benefits of this scheme were extended to old age pensioners with effect from 15th January 1983 and to Ex-servicemen/their widows with effect from 1st January 1984. The scheme was extended to cover children in the age group of 10 to 15 years with effect from 15th September 1984. About 2 lakh persons have got employment through this scheme, most of them being poor and destitute women. The scheme, which was started at a cost of about Rs. 100 crores during the first year, is now implemented at a cost of about Rs. 169 crores per annum.

9. The evaluations conducted have clearly shown an upward trend in the growth and nutritional status of the beneficiaries. The incidence of common diseases noticed among children in the rural areas, like 'Angular Stomatitis', 'Anaemia', 'Bitot's Spots', etc., has come down considerably. The additional enrolment registered in the schools on the introduction of this programme has remained at increasingly high level.

Free Supply of Text Books and Uniforms

10. With a view to have a comprehensive package for the children in the most vulnerable age group, the Government decided to provide text books and uniforms to all the deserving children in the standards 1 to 8 free of cost. This scheme would cost the exchequer Rs. 27 crores per

annum approximately. The Government are also extending health coverage to the children to ensure bright and healthy future for them.

Sports

11. With a view to further intensify the sports activities Sports Development Corporation has been set up by the State Government. The Corporation has been taking up a number of activities to encourage the sportsmen and to increase the participation of Tamil Nadu in various national events.

Tamil Development and Culture

12. To promote cultural interaction among the Southern States and preserve regional culture Southern Regional Cultural Centre has been established. Government of India have come forward to contribute Rs. 5 crores and an equal contribution would be made by the Southern States put together. The artistes and Tamil scholars of Tamil Nadu are being given liberal financial assistance, titles and prizes with a view to encourage and assist them.

Health

13. The Government are committed to provide "Health for all by 2000 A.D." and accordingly are stepping up medical aid and health care facilities for the rural population in terms of both quality and quantity. With this aim the Government are establishing health sub-centres for a population of 5,000 in plain areas and

3,000 in Hill/Tribal areas. Till March 1985, 5,860 Health Sub-Centres have been established. During the current year, it is proposed to establish 1,084 additional health sub-centres.

14. Rural Health care delivery is at present being maintained by 436 primary health centres, 30 upgraded primary health centres and 260 mini health centres. During the first year of the Seventh Plan, viz., during 1985–86, 20 new primary health centres are being established.

Family Welfare

15. The Government of Tamil Nadu are always in the forefront in the implementation of the Family Welfare Programme. In recognition of the good work done during 1984–85, the Government of India have awarded a prize of Rs. 2.5 crores to this Government. The same tempo in the implementation of the programme is kept up during 1985–86 also. Recently the Government have announced that anybody who motivates a case for sterilisation will be paid a motivator fee of Rs. 50 per case. As against a target of 4.75 lakh sterilisations fixed by the Government of India for 1985–86, 3,77,681 sterilisations have been done upto 31st January, 1986. Equal attention is being paid to popularise other methods of family welfare also.

Water-Supply

16. The work on the Krishna Water-Supply Project for Madras City is making progress in both the States. Out of the total length of 25.275 Kms. of canal in Tamil

Nadu limits, work is in progress in non-forest areas for a length of about 24 Kms. Concurrence of Government of India for dereservation of forest area is awaited for taking the work in the forest areas. The expenditure so far incurred within the border of Tamil Nadu is Rs. 5 crores. In addition to this, the Government of Tamil Nadu have so far given a sum of Rs. 47 crores towards their share of the project to the Government of Andhra Pradesh.

17. Rural Water-Supply programme is being implemented in all earnestness with the aim of providing atleast one source of drinking-water in every problem habitation. At the beginning of the Sixth Five-Year Plan, there were 14,702 habitations of which 11,614 have been provided with protected water-supply during the Sixth Plan period. However, due to successive failure of monsoon the ground-water table has generally gone down and consequently additional 14,826 habitations have since become problem habitations. Out of these new problem habitations also, 4,891 have been provided with water-supply during the Sixth Plan period. Thus at the beginning of the Seventh Five-Year Plan 13,023 problem habitations are required to be provided with water-supply. The allotment for the rural water-supply in the Seventh Plan is Rs. 175 crores. A provision of Rs. 30 crores has been made for 1986–87 for rural water-supply under the minimum needs Programme. In addition to this, further sum of Rs. 15 crores would be spent in the year 1986–87 under accelerated Rural Water-Supply Programme.

18. In the course of last few years, community assets have been created under the Rural Water-Supply Programme in the form of hand pumps and power pumps on a massive scale and their maintenance has therefore assumed vital importance. In tune with the importance accorded for maintenance of hand and power pumps, this Government have enhanced the annual grant under maintenance from Rs. 20.70 lakhs to Rs. 50 lakhs. Government have also decided to release Rs. 2 crores for this purpose from out of the Minimum Needs Programme funds of Rs. 24 crores. In future, a maximum of 10 per cent of the allocation under the Minimum Needs Programme will be earmarked for maintenance.

19. The Water-Supply and low cost sanitation prorammes taken up in 1984–85 with World Bank assistance at a total cost of Rs. 149.42 crores are under progress and the period of execution is 4½ years. For 1986–87, Rs. 24 crores has been provided for in the Budget. Similarly E.E.C. assisted Rural Water-Supply Scheme for flouride affected habitations in Coimbatore and Periyar districts is in progress. There is an allocation of Rs. 480.83 lakhs for the E.E.C. assisted project during 1986–87. As regards urban water-supply, besides the execution of 42 on going schemes another 15 new schemes are proposed to be taken up during 1986–87 at a total cost of Rs. 10,21.25 lakhs.

Agriculture

20. This year the State witnessed a peculiar pattern of monsoon with heavy downpour in some parts and scanty rainfall in others. The vagaries of the

monsoon created a situation in which the State had to request Karnataka for release of water to save samba paddy crop in Thanjavur delta. However, to counter-act this adversity, the State adopted the strategy of launching an intensive summer crop programme in the State. On the whole, despite the adverse seasonal condition, the production of rice and millets is expected to be around 50 and 20 lakhs M.T. respectively. The production programme in 1986–87 aims at production of 64 lakh M.T. of rice, 24 lakh M.T. of millets, 4 lakh M.T. of pulses and 5.2 lakh bales of cotton.

21. With a view to encourage the farmers the Government have increased the production incentive to Rs. 35 per quintal in delta area where the Government are undertaking monopoly procurement.

22. In a State like Tamil Nadu which has limited natural resources, it is even more important to use optimally the basic natural resources like soil and water. Government have been trying to achieve this by undertaking land development, minor irrigation, soil conservation scheme, Command Area Development Programme, Western Ghats Development Programme, and the River Valley project scheme. A new scheme for taking up On Farm Development works in Parambikulam-Aliyar Project Command has been sanctioned at a cost of Rs. 30.98 crores. Under the Rural Landless Employment Guarantee Programme, 1,754 Percolation ponds and check dams were constructed at a cost of Rs. 14.15 crores. This has provided employment potential in rural areas besides leading to better water management.

23. Oil-seed development programmes are implemented with the objective of increasing the total production of oil-seeds and reducing the gap between demand and supply of edible oil by increasing the area under oil-seeds and increasing the productivity of oil-seed crops. The oil-seeds department is also taking up quality seed production of all oil-seeds in all the seed farms including the production of breeder seeds under the supervision of the scientists of Tamil Nadu Agricultural University to augment the supply of breeder seeds. During 1986–87 it is programmed to distribute 11,990 M.T. of groundnut seeds, 120 M.T. of gingelly, 990 M.T. of sunflower and 63 M.T. of castor seeds.

24. During 1986–87, it is programmed to increase the area to 1.70 lakh hectares and achieve a production of 172 crore nuts. During 1986-87, an area of 15.12 lakh hectares will be covered under oil-seeds to reach the production goal of 17 lakh M.T. The total allocation for oil-seeds in the year 1986-87 is approximately Rs. 15.39 crores.

Livestock

25. Livestock forms an integral part of the rural economy. This has also been playing an important role in various poverty eradication programmes. This clearly underscores the importance of animal husbandry in the primarily rural based Indian economy. The State Government have therefore taken up a number of schemes to improve the quality of livestock in the State.

26. In Tamil Nadu 11 Intensive Cattle Development Projects and 62 Key Village Blocks with 1,220 sub-centres are functioning. Among this, one Intensive Cattle

Development project with 50 sub-centres was started at Udumalpet during the year 1985-86. During 1985-86, (upto 31st December 1985) 3.56 lakh of Artificial Inseminations were done. 3.25 lakh of Artificial Inseminations were verified and 77,630 calves born were verified in Intensive Cattle Development Project area.

27. For the year 1986-87 the Government have decided to extend the frozen semen technique in additional 250 centres.

Irrigation

28. The State Government are extremely keen to find a quick solution to the dispute relating to Cauvery water. The Chief Ministers of Tamil Nadu and Karnataka held discussions on this issue in January 1984 and November 1985. The bilateral talks are to be resumed shortly. It has been the endeavour of Tamil Nadu Government to find out a mutually acceptable solution as early as possible.

29. The Government have taken up massive programme for modernisation of Periyar-Vaigai system with the assistance of World Bank. Under Phase-I of the project, irrigation facilities were programmed to be extended to an extent of 10,305 hectares in Madurai and Ramanathapuram districts. An amount of Rs. 44.50 crores was sanctioned for the project to carry out works under Phase-I. This project has been implemented from July 1977 with the World Bank aid of 23 Million Dollars. Phase-I of the project was completed in December 1984 and the entire assistance of the World Bank, i.e. 23 Million Dollars has been already received.

30. Sanction has been accorded for an expenditure of Rs. 56.86 crores for Phase-II of the Project. Under this additional irrigation facilities are to be created for 7,521 hectares. The aid of the World Bank for Phase-II of the Project is 35 Million Dollars. The Phase-II works have to be completed by April 1988. In the year 1985–86 the expenditure incurred upto 31st January 1986 is Rs. 10,59.77 lakhs out of the Revised Estimate of Rs. 14,39 lakhs provided for this year.

31. In a State like Tamil Nadu where the irrigation resources are limited and the potential of the existing resources has already been tapped to a large extent, there is a pressing need to take all possible steps for tapping the remaining potential of irrigation. During the Sixth Five-Year Plan, it was targeted to create irrigation potential under the major and medium irrigation projects for an extent of 66,000 hectares. As against this, irrigation potential for 72,720 hectares has been created. In view of the limited potential, during the Seventh Five-Year Plan, the target for additional irrigation potential has been fixed as 40,000 hectares. This would involve an outlay of Rs. 154 crores in the Seventh Five-Year Plan.

32. Under Minor Irrigation, irrigation potential for 10,900 hectares was created during the Sixth Five-Year Plan. During the Seventh Five-Year Plan, it has been proposed to achieve physical target of 10,982 hectares with an outlay of Rs. 13.83 crores.

33. Government have also undertaken programme to modernise 150 non-system tanks in Tamil Nadu with the assistance of European Economic Community under tank

modernisation project. The main objective of this programme is to improve water-supply and to provide equitable water distribution. Under the scheme, it is proposed to standardise the tankbunds, sluices, surplus arrangements, etc. to ensure improved water management and control system. A provision of Rs. 504.7 lakhs has been provided in the Budget Estimates for 1986–87 for this scheme.

34. During the year 1985–86, the revised outlay approved for the execution of major and medium irrigation projects is Rs. 39.33 crores. The additional irrigation potential anticipated to be created during the current year is 20,000 hectares which will produce 49,080 metric tonnes of additional food production of irrigated dry crops and 260 metric tonnes of wet crops. For the year 1986–87, the financial outlay proposed for the major and medium irrigation schemes is Rs. 39.92 crores. An additional irrigation potential to benefit 17,060 hectares of new area is programmed to be created. Additional production of 37,090 metric tonnes of irrigated dry crops and 4,052 metric tonnes of wet crops is expected to be achieved.

Crop Insurance Scheme

35. Government of India have introduced a comprehensive crop insurance scheme with effect from 1st April 1985. According to this scheme, 150 per cent of the crop loan disbursed for paddy, wheat, millets, oil-seeds and pulses in the defined areas through co-operatives, Commercial banks and Regional Rural bank will have to be insured compulsorily. The small and marginal farmers

enrolled under the scheme are eligible for subsidy at 50 per cent of the premium paid by them. Under this scheme during Paddy-I 1985 crop season, 45,000 farmers in 140 blocks insured their crops through Co-operatives.

Co-operation

36. The co-operatives continue to provide agricultural inputs to the farmers. Chemical fertilisers valued at Rs. 56.02 crores have been distributed upto December 1985 during the current year and it is proposed to distribute fertilisers valued at Rs. 82 crores during 1986–87. With a view to ensure remunerative price for the producers of vegetables and supply of quality vegetables at fair prices to the consumers and in the context of implementation of Chief Minister's Nutritious Meal Scheme, 516 Vegetable Co-operative Marketing Societies have been organised exclusively for the vegetable growers at the rate of atleast one society for each block.

Forests and Plantations

37. The first phase of SIDA assisted Social Forestry Scheme has been extended upto 31st March 1987. It is proposed to plant in 21,268 hectares and 610 kms. with increased people's participation during 1986–87.

38. The Social Forestry Programme outside the Reserved Forests, especially the Scheme of planting in community lands is to be increasingly taken up under the Waste Land Development Programme through NREP and RLEGP funds. It is targeted to plant 24 crores seedlings out of which approximately 15 crores will

be taken up under the National Waste Land Development Programme to be funded from the NREP and RLEGP. Another 9 crores seedlings will be planted under the SIDA assisted Socio Forestry Programme and other Programmes.

39. Tamil Nadu Tea Plantation Corporation has been doing very well having wiped off its accumulated loss it is now making profits. Its exports in the year 1985–86 amount to approximately 42,800 dollars equivalent to Rupees 5.35 lakhs.

Food

40. The State had to cope with the inclement weather conditions this year which had affected the food production. In order to maximise procurement the Government imposed monopoly procurement with effect from 1st November 1985 in Cauvery delta areas. However, with a view to give further incentive to the farmers in these areas, the production incentive was increased from Rs. 20 to Rs. 35 per quintal. The Government procured 2.9 lakh tonnes of rice during Kuruvai season. The same strategy had to be adopted for Samba season also. In addition to the efforts made for increasing the procurement, the State Government also moved the Government of India to increase the monthly allotment from the Central Pool. Government of India have also enhanced the allotment to some extent.

41. The special additional allocation was extended by the Government of India for the month of January 1986 also. Additional rice to the tune of 25,000 tonnes over and above the normal 40,000 tonnes was released.

42. Having regard to the shortfall in paddy production Government lowered the maximum quantity of rice supplied to a card holder from 20 kilos to 12 kilos of rice per month but did not alter the scales of issue per child or adult. These revised scales were brought into force from 1st November 1985. It must be noted that the present scales of issue are much more liberal than those existing prior to 15th September 1984 when a card holder in the rural areas was entitled to 6 kilos of rice only.

43. Tamil Nadu has one of the oldest and strongest public distribution systems. It consists of a net work of 20,723 fair price shops. Of this 15,648 are run by Co-operatives, 5,011 by Tamil Nadu Civil Supplies Corporation and only 64 fair price shops are run by other agencies such as private managements, plantations, etc. The average card strength per shop works out to 575 families. A large number of fair price shops are not economically viable and therefore the Government incur a subsidy of Rs. 3 crores every year towards running the fair price shops. During 1985, 11.05 lakh tonnes of rice was distributed to card holders. Besides 2.19 lakh tonnes of rice was distributed under CMNMP.

44. The price for the common variety of rice was fixed in February 1981. Since then, the Government of India have increased the procurement price of paddy and issue price of rice 5 times. However, the State Government have still retained the low sale price of rice at Rs. 1.75 per kg for common variety of rice. The low price of rice in public distribution system has resulted in an annual commitment of about Rs. 100 crores by way of subsidy to the Tamil Nadu Civil Supplies Corporation.

Public Distribution System

45. The Government have been making constant efforts to monitor the price situation in the State. The role of the State Government in this sphere is severely restricted since the overall price trends are governed by the fiscal and monetary policy of the Government of India and the production level in the country as a whole. However, the State Government on their part try to keep the prices in check by properly regulating the offtake from the public distribution system. Despite the adverse seasonal conditions, the rise in the price of rice was restricted by the releases from the public distribution system. Thus, though there was a rise between May 1985 and September 1985 the prices have since been stabilised during the last few months and are expected to decline in the current harvest season. In the case of wheat and wheat products, edible oil and tea, there was decline in prices. Prices of pulses and vegetables are stable apart from seasonal fluctuations. The Government are maintaining constant vigil on the price situation.

Fisheries

46. The Government have been making all possible efforts to provide houses for the needy fishermen. So far, 11,404 houses have been sanctioned. 9,738 houses have already been completed. A provision of Rs. 50 lakhs has been made for this purpose in the Budget Estimates for 1986–87.

Industries

47. The State Government have been pressing for higher central investment in Tamil Nadu. Recently, the Government of India have granted letter of intent

to Hindustan Photo Films for manufacture of magnetic tapes at an investment of Rs. 10 crores. Other Central sector projects like heavy vehicles factory, Salem Steel Plant and Madras Fertilisers Limited are also embarking upon expansion programmes. We have made available and free of cost to the central sector projects for the expansion programme. The rotary kiln project at Tamil Nadu Magnesite Limited, has been completed at a cost of Rs. 765 lakhs and the commercial production will commence soon. 100 per cent export oriented granite cutting and polishing unit of Tamil Nadu Minerals Limited at Manali has been completed at a cost of Rs. 640 lakhs and commercial production is expected to commence soon. The Institutions of industrial finance in Tamil Nadu have started making profits. TIDCO has earned a cumulative profit of Rs. 121 lakhs upto 1984–85. SIPCOT has also earned a net profit of Rs. 116 lakhs during 1984–85. We have exceeded the target under the Prime Minister's scheme for providing self-employment to the educated unemployed. Under this scheme 22,500 educated unemployed have been provided self-employment during 1984–85.

Employment Services

48. The demand for skilled personnel is increasing due to the increased industrial development. Even now, there are 40 Industrial Training Institutes including 5 for women with the total capacity of 15,120 trainees. However, to meet the growing demand, it is proposed to open 2 more Industrial Training Institutes during 1986–87.

Khadi and Village Industries

49. This Government have attached great importance to bringing about self-sufficiency in rural areas. On the side of industrial production the Khadi and Village Industries Board is playing a key role in producing and distributing various articles of daily use in the sectoral economy. The Board is also playing an important role in creating large scale employment for the unemployed and under-employed in the villages. The strategy adopted by the Board is to develop Khadi and Village Industries through its units and Co-operatives thus enabling the weaker sections to get employment within their villages using the locally available raw materials with marginal capital investment.

50. The production of Khadi goods and village industries articles made by the Board during 1984–85 was of the order of Rs. 108.82 crores. This is to be stepped up to Rs. 119 crores in 1985–86. During 1986–87, the production of Khadi and Village Industries goods is anticipated to be to the tune of Rs. 130 crores.

51. The sale of Khadi and Village Industries products was of the order of Rs. 105 crores during 1984–85. Anticipated sale in 1985–86 is around Rs. 125 crores. During 1986–87 the sale of Khadi and Village Industries products is estimated to be around Rs. 137 crores. So far the Board has created employment for 6.03 lakh persons. Additional employment to be provided during 1985–86 is estimated as 63,000 persons. The total employment upto 1986–87 is estimated as 7.33 lakh persons.

Handlooms

52. In Tamil Nadu the handloom industry has occupied a very important place in the economy for a long time. The industry has provided employment to a large section of society and has been receiving the abiding attention of the State Government. Out of a total of 5.56 lakhs looms in the State, 3.82 lakh handlooms have already been brought under 1,600 Primary Weavers Co-operative Societies. Seventeen Co-operative Spinning Mills in the State continue to take care of the yarn requirement of the weavers in the Co-operative Sector. The Government have made a provision of Rs. 16·00 crores as rebate and subsidy for the handloom sector in 1986–87. The Government are also implementing a saving-*cum*-security scheme for members of the Weavers' Co-operative Societies. More than 1 lakh weavers are being benefited under the scheme.

Power

53. In order to achieve reasonable economic growth it is imperative that this State is free from the stranglehold of power shortage. With this objective, in the Seventh Plan, the power generation has been accorded highest priority with an outlay of Rs. 2,000 crores out of the total plan outlay of Rs. 5,750 crores. The outlay on power for 1985–86 was Rs. 300 crores. This has been substantially stepped up to Rs. 395 crores for 1986–87.

54. All the ongoing schemes viz., Servalar HES (20 MW), Kadamparai Pumped Storage scheme (400 MW), Lower Mettur HES (120 MW), Kundah Power House-V

(20 MW) and Mettur Thermal Project Stage-I (420 MW) will be commissioned before the end of the Seventh Five-Year Plan. Amongst the new schemes to be taken up for execution, one unit of Mettur Thermal Stage-II (210 MW out of 420 MW), one unit of Tuticorin Expansion Scheme (210 MW out of 420 MW) and three Micro Hydel Schemes (16 MW) will also be commissioned during the Seventh Plan period, bringing the total addition under the State Sector to 1,416 MW. Further it is proposed to take up for execution North Madras Thermal Station (630 MW) during the Seventh Plan period. The benefits will however accrue only in the Eighth Five-Year Plan period. In addition, the State will get its share of power from the second unit of Kalpakkam, Neyveli Second Thermal Station which is under construction and Ramagundam Super Thermal Station in Andhra Pradesh. The total installed capacity available for use in Tamil Nadu from both the State and Central Sector projects will increase from 3,344 MW at the beginning of the Seventh Five-Year Plan to 5,184 MW by the end of the Seventh Five-Year Plan.

55. In the current year, however, the power position in the State suffered a set back on account of the failure of the south-west and north-east monsoons in the catchment areas of the hydel reservoirs in the State. The inflow during this year from July 1985 till end of January 1986 was less by 1035 m.u. compared to the 10 year average inflow.

56. As a result of concerted action taken by the Board to modernise and renovate Ennore and Tuticorin Thermal stations, the performance of these thermal stations has

vastly improved this year. Tuticorin Thermal Station has achieved a Plant Load Factor (PLF) of 65 per cent so far in 1985–86 and is expected to achieve a PLF of 67 per cent for the entire year compared to 51.5 per cent in 1983–84 and 62 per cent in 1984–85. In respect of Ennore Thermal Station a massive modernisation programme at a cost of Rs. 100.10 crore has been undertaken and the benefits of this programme are already in evidence. This Station which has been facing a number of problems from inception, has been achieving only a PLF of 36 per cent till last year. The PLF so far in 1985–86 is 50 per cent and it is expected that the PLF for the entire year would be 51 per cent.

57. But for this improved performance of the Thermal stations and the extra availability from Kalpakkam Nuclear Power Station, where the second unit (235 MW) was synchronised on 20th September 1985, the power shortage in the State would have been higher. At present, there is a 40 per cent power cut both on energy and demand for about 1000 HT industries only. Agriculturists are given supply for six hours during day time and eight hours during night time under two groups system. The power position is likely to ease when the first unit of the second thermal station at Neyveli is commissioned in April 1986.

58. Reduction in the operating costs has been engaging the constant attention of the Board and the Government and a number of measures have been initiated to reduce the operational expenditure. The oil consumption at both Ennore and Tuticorin Thermal stations has been reduced. In respect of Tuticorin thermal station, the oil

consumption was reduced from 57 m.l. per unit in 1983–84 to 48 m.l. per unit in 1984–85 and it has been only 12.06 m.l. per unit so far in 1985–86. At Ennore Thermal Station also, the consumption has been brought down to 7.8 m.l. per unit.

59. In the recent wage revision agreement with the Unions, for the first time the work load of the employees was also discussed along with wage revision and higher work norms have been introduced.

60. Despite these improvements, aimed at reduction in expenditure, the repeated hikes in the cost of coal, oil, freight, power purchased, etc. have over-burdened the finances of the Electricity Board. The increase of about Rs. 28 per tonne in coal price from 9th January 1986 onwards will result in an additional expenditure of Rs. 2.47 crores in 1985–86 and Rs. 10.71 crores in 1986–87.

Transport

61. A new Transport Corporation in the name of Dheeran Chinnamalai Transport Corporation started functioning from 1st April 1985 with the headquarters at Tiruchirappalli. Another new transport corporation will be started with headquarters at Dindigul to provide travel facilities to the public of Anna district which will be named after the illustrious queen of Madurai ' Rani Mangammal '.

Labour Welfare

62. The State Government have been playing a key role for maintaining the continued environment for cordial industrial relations. The threatened strike by the textile mill workmen in Tamil Nadu was averted due to the intervention of the Government. Under the 20 point programme, so far, 32,575 bonded labourers have been rehabilitated in Tamil Nadu with the total expenditure of Rs. 44.45 lakhs. During 1985–86, this State has so far rehabilitated 1,109 bonded labourers as against the target of 1,100.

Rural Development

63. Tackling the rural poverty is an important objective of the Government. The Government of India have also come forward with a number of schemes with the same end in view. In Tamil Nadu, the schemes for poverty alleviation are being implemented with vigour. During the Sixth Plan period under the Integrated Rural Development Programme, an expenditure of Rs. 146.61 crores was incurred and 13,96,016 rural people were assisted to engage themselves in gainful employment to raise their economic status. The scheme will be continued in the Seventh plan period also. In 1985–86, it is targeted to benefit around 2 lakh families. This scheme will be implemented during 1986–87 with a total allocation of Rs. 29.22 crores.

64. Yet another scheme which is equally financed by the Central and State Government is National Rural Employment Programme under which supplemental employment is provided to rural workers particularly

during lean period of the year when they are not able to find gainful employment. In addition, this scheme helps creation of the durable community assets like roads, school buildings, community centres, etc. During the Sixth plan period from 1980–81 to 1984–85 an expenditure of Rs. 164.18 crores was incurred and 1,798.05 lakhs mandays of employment was generated. This scheme is being continued in the Seventh plan period also. A total allocation of Rs. 47.72 crores has been made for 1985–86 to generate 287 lakh mandays. The progress up to the period ended February 1986 is 216.75 lakh mandays. A sum of Rs. 40.88 crores will be allocated during 1986–87.

65. The State Government are also implementing a massive programme of assistance to small and marginal farmers. Under this programme, the small and marginal farmers are given subsidy assistance for minor irrigation, wells and pumps, land development, etc., The Central and State Governments provide equal financial assistance. This scheme was launched in 1983–84 and in that year Rs. 972.41 lakhs was spent under this programme to assist 28,303 small and marginal farmers. In 1984–85, Rs. 1,419.36 lakhs was spent benefiting 55,960 small and marginal farmers. During 1985–86 upto February 1986, 28,457 small and marginal farmers have been benefited and a sum of Rs. 571.95 lakhs has been spent.

66. Another massive programme which is implemented to generate employment opportunities in the rural areas is the Rural Landless Employment Guarantee Programme. This is a centrally sponsored programme under which job opportunity will be provided to at least one

member in each landless family. An important aspect of the programme is the construction of group housing for scheduled castes and scheduled tribes. During 1985–86 construction of 11,000 houses at a cost of Rs. 10.44 crores has been taken up by the Government. These houses will be subsequently distributed free of cost to the beneficiaries. During 1983–84, 1984–85, Rs. 8.90 crores and Rs. 44.50 crores respectively have been allocated to this State. During 1985–86, the Government of India released cash funds of Rs. 44.44 crores and wheat allocation to the tune of Rs. 6.72 crores. It has been targeted to create 304.90 lakh mandays during 1985–86. In 1986–87, this scheme will be implemented with a cash allocation of Rs. 34.35 crores and 79,000 M.T. of food grains.

Police

67. With a view to ensure proper maintenance of law and order, the Government have been taking all possible measures to modernise and strengthen the police force. In the year 1985–86 the Government have sanctioned 2 more battalions for Tamil Nadu Special Police at a total cost of Rs. 3.56 crores.

Courts

68. The Government have decided to constitute Judicial I Class Magistrate Courts at Nagapattinam and Ramanathapuram with a view to expedite the dispensation of justice.

Revenue

69. To streamline the district administration and to improve the efficiency, Government have formed Kamarajar, Pasumpon Muthuramalingam and Anna districts and also

three new Revenue Divisions namely Paramakudi, Palani and Kodaikanal and a new Taluk Vadipatti during 1985. Krishnagiri Revenue Division in Dharmapuri district, Cheyyur taluk in Chengalpattu district will be formed shortly. As announced by the Governor, in his address to the Joint Session of Legislature, Tirunelveli and North Arcot districts have been proposed for bifurcation during 1986–87. Formation of a new district will cost the Government about Rs. 3·5 crores by way of recurring expenditure and Rs. 11 crores approximately by way of non-recurring expenditure. However, since the detailed estimates for the building and the proposals for staff are still to be finalised, only a token provision has been included in the budget. Necessary additional funds will be made available for this in the course of the year 1986–87.

Institutional Finance

70. In Tamil Nadu the norms fixed by the Reserve Bank of India for advances to priority sectors, advances under differential rate of interest and advances to weaker sections have been exceeded. A total number of 6.35 lakh beneficiaries belonging to weaker sections have been given loans to the extent of Rs. 163.71 crores up to November 1985.

Religious Endowments

71. With a view to improve the maintenance of temples, the Government have decided to give a grant of Rs. 15 lakhs in the year 1986–87 for the repairs and renovation of temples and temple tanks.

Adi-Dravidar Welfare

72. The State Government are fully committed to the upliftment of the Adi-Dravidars. The Special Component Plan is being implemented with the objective of getting the Adi-Dravidar families to cross the poverty line and to provide basic amenities and facilities in Adi-Dravidar Colonies. During 1986–87 a sum of Rs. 125.55 crores will be spent under the special component plan. The Education for Adi-Dravidars enjoys top priority and several programmes are being implemented to improve the existing facilities for education. In addition to this, several buildings for Adi-Dravidar boys hostels are also being constructed. Out of 135 buildings sanctioned so far, 110 hostel buildings have already been completed and the work for remaining hostels is also progressing at a fast pace. Similarly, girls hostels are also being constructed under a centrally-sponsored scheme and out of 101 hostels sanctioned, construction for 61 hostels has already been completed.

73. In the field of economic development two lakh Adi-Dravidar families will be assisted during 1986–87. A sum of Rs. 14 crores is expected as special central assistance from Government of India. This amount will also be utilised for creating more employment opportunities under self-employment programmes. It is expected that the assistance extended under this scheme will enable the assisted families to cross the poverty line.

Backward Classes Welfare

74. With a view to provide better educational facilities, Government have opened schools and hostels.

There are about 52,500 students in the schools and about 31,000 students in 543 hostels. To meet the increasing demand for this facility new hostels are being opened every year.

Housing and Urban Development

75. Tamil Nadu Housing Board has made remarkable contributions for increasing the housing facility in the State and creating infrastructure for housing and urban development. Government have made a provision of Rs. 1 crore to enable the Housing Board to take up schemes for construction of LIG houses. The Government have accorded highest priority for Slum Clearance and slum improvement. A provision of Rs. 1.75 crores has been made to enable the Slum Clearance Board to take up slum clearance activities in 1986–87. Further, a provision of Rs. 67.5 lakhs has also been made for Housing Board to take up slum clearance in the year 1986–87.